REGULATION (39-) 26-105.1(a).

TAX RATE CHANGE - REMITTANCE OF SALES COLLECTED AT HIGHER RATE.

- (1) The state sales tax rate becomes 2.9% for all sales entered into on or after January 1, 2001. Sales entered into before January 1, 2001, are subject to the 3% tax rate even though the payment may be made after said date.
- All vendors are liable for the payment of an amount equivalent to 3% of all sales made by the vendor of commodities or services as specified in section §39-26-104, C.R.S., when such sales transactions were subject to the 3% tax imposed by section §39-26-105, C.R.S., prior to January 1, 2001. This will include all taxes remitted on or about January 22, 2001, for reporting periods entirely in the calendar year 2000. Thus, all transactions actually charged a 3% tax shall be remitted as a 3% tax, regardless of the remittance date. For tax remittance periods that do not end on the last day of calendar year 2000, the retailer must compute the correct tax using both rates. Retailers who have reporting periods with two tax rates should contact the Department of Revenue internet home page (www.revenue.state.co.us) for a form to compute the correct tax.
- (3) Leases and Credit Sales. Retailers who enter into leases subject to Colorado sales tax under section §39-26-102(23), C.R.S., or credit sales and for which the sales tax is collected by the retailer in each periodic payment must collect for each such payment the sales tax at the rate in effect when the credit sales or lease was first made. Therefore, retailers who receive on or after January 1, 2001, payments for lease or credit transactions entered into before January 1, 2001, should continue to collect the sales tax at the 3% rate. Retailers who submit returns for taxes collected at the 3% rate on payments made after January 1, 2001, shall report the difference in tax collected between the 3% and the 2.9% on the excess tax line of the sales tax coupon book. Do not distribute this excess tax to the reporting columns for local or district entities.
- (4) Deferred transactions at the prior tax rate. Retailers who have conditional or other sales contracts made during the 3% tax rate period, or for vendors remitting tax on a cash basis transactions that occurred before the rate reduction, and where the tax due form the purchaser was at the 3% tax rate, shall continue to remit the tax related to all payments at the 3% rate, regardless of the tax rate on current sales at the date remitted.
- (5) For sale transactions and leases executed subsequent to December 31, 2000, the rate of tax imposed by section §39-26-106, C.R.S., is 2.9%. Therefore, where the sale transaction occurs or a lease is executed subsequent to December 31, 2000, the vendor is liable for the payment of an equivalent to two point nine percent (2.9%) of all sales made by the vendor of commodities or services as specified in section §39-26-104, C.R.S.
- (6) Due Date of Returns. Bookkeeping and accounting periods ending on the last day of a month are due on the twentieth day of the following month or the next following business day if the twentieth is a Saturday, Sunday or holiday. Other accounting periods which do not end on the last day of a month are due and shall be filed on the twentieth day following the last day of the accounting period reported or the next following business day if the twentieth day falls on a Saturday, Sunday or holiday. All returns remitted after this date are delinquent.
- (7) The vendor of tangible personal property (other than a vending machine operator who is subject to the provisions of section §39-26-714(1)(a), C.R.S., or a vendor electing to include the tax in the sales price pursuant to section §39-26-106(2)(b), C.R.S., who is acting in behalf of the state), must collect the sales tax on the selling price of commodities and services specified in the Sales Tax Act, and account for and remit the full amount of the tax.

- (8) The vendor is liable for the payment of an amount equivalent to the tax rate at the time of the sale as imposed in section §39-26-105, C.R.S., for the total amount received from taxable sales made in each month, including all sales made for less than the minimum amount subject to tax.
- (9) The application of the tax on sales of more than the minimum taxable sales amount will usually result in the collection of tax in excess of the three percent because of the "breakage". Such excess collections during the month, if any, must be included in the total amount of the sales tax for which the vendor is required to account. If a retailer operates more than one store within this state, any under collection of sales tax on a store may not be offset against an over collection of sales tax in another store. The under collection of sales tax in one month may not be offset against the over collection of sales tax in another month.
- (10) Vendors Fee or Vendors Allowance. For sales occurring on or after July 1, 2003 and before July 1, 2005, Colorado law allows a fee to vendors who timely file complete reports and remit the full tax of two and one-third percent of the tax. For sales occurring on or after July 1, 2005 the percentage allowed will be three and one-third percent of tax. The vendors fee is allowed to cover the vendor's expense of collection, conditional with timely filing of a complete tax return, all required schedules and full remittance of tax due. If the vendor is delinquent in filing the tax return, any required schedules or the tax payment, other than in unusual circumstances shown to the satisfaction of the Executive Director, the vendor shall not retain this vendor's fee and shall remit to the Executive Director an amount equal to the full amount of the tax due for the filing period.
- (11) The vendor shall make a report to the executive director of his gross sales during the preceding month, showing nontaxable sales permitted under the act. Reporting forms are furnished by the department and call for specified information. The returns and supplemental forms must be filled out in detail and supplemental forms shall be attached whenever necessary to show all the pertinent facts.
- (12) Every vendor must make a monthly return for the preceding month on or before the twentieth day of the month, unless permission has been obtained to make quarterly, seasonal or annual returns.
- (13) The report, together with remittance of the sales tax due, must be filed with the department of revenue on or before the due date. The remittance must be by check, draft or money order and made payable to the department. Do not send postage stamps. Cash payments should only be made by personal messenger.
- (14) The paragraph 7-13, above, shall not apply to organizers of special sales events unless the organizer elects to obtain a sales tax license, file the sales tax return, and remit the sales tax as provided in section §39-26-103(b.5)(IV)(B), C.R.S.